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SOVA NOTE
12 August 1987

RIG/RPD/ELA

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25X1Pravda on Soviet Economic Policy Toward Fraternal Developing States

An article in Pravda on 5 August by a Soviet commentator on CEMA affairs discusses Soviet economic commitments to Cuba, Vietnam, and Mongolia and measures to improve the effectiveness of Soviet aid and strengthen the ties of these three states to CEMA. The article notes the continuing need to step up assistance provided by the European members of CEMA and refers to proposals that special assistance programs be worked out in the near future. It states that meeting the difficult tasks of economic development in the three countries depends upon a combination of their own efforts and resources and effective support from other CEMA states. It recommends quantitative increases in aid and also improvements in the quality of assistance through optimal choice of projects, tighter contractual discipline, and increased accountability of both sides for fulfilling commitments. Because the USSR is the main aid donor, Soviet ministries, departments, and enterprises involved in international cooperation have additional responsibility for introducing new forms of cooperation in the area of direct ties and joint enterprises. []

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The author cites specific problems with project aid in Vietnam, Mongolia, and Cuba and quotes their respective representatives to CEMA on suggested solutions. In Vietnam many enterprises do not work at full capacity and suffer from shortages of spare parts, electricity, and raw materials. The Vietnamese deputy representative to CEMA suggests greater attention to developing rare-earth ores and bauxite deposits and to cooperation in tropical agricultural production such as rubber, coffee, and tea--materials and products that "are of interest to our CEMA partners." He also notes success with a Soviet joint enterprise in oil extraction and good prospects for using Vietnamese labor to produce finished goods from imported cloth and leather. For Mongolia the article mentions problems with enterprise efficiency and a shortage of skilled labor to operate Soviet supplied equipment. The Mongolian deputy representative suggests greater cooperation in biotechnology and joint enterprises in mining and metal working to use Mongolia's raw material and industrial base. []

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For Cuba the problems and solutions have less to do with the types of projects aided and more to do with general questions of economic policy, managerial and investment decisions, and worker productivity. The article cites construction of a nickel plant uncompleted after ten years because there were poor project plans, equipment defects, and delays in installation. The Cuban representative to CEMA suggests a series of internal measures to strengthen the socialist concept of economic accountability: tighter standards on wage and incentive payments to conform to work done, price controls to limit profits, investment to finish uncompleted plants, and efforts to increase labor productivity. []

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The article refers to developmental "prerequisites for effective participation in the international socialist division of labor" and calls for the development of natural resources, raw materials, and manpower resources for the mutual benefit of all--a theme that the Vietnamese and Mongolians have publicly supported, at least for the present. The statement of the Cuban representative, however, supports [] that Havana continues to resist integration for itself into CEMA according to the Soviet scheme of socialist division of labor. The Cuban statement is also a rejection of Gorbachev's efforts to improve economic efficiency through market-type incentives and greater emphasis on participation in the international economy and a clear indication that Havana considers such solutions inappropriate in its own case. []

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